1:Stanford U. S-4, 5 1956 AF14 Central China AF14

The Communists claim that there has not been a single serious accident in civil aviation; they also claim that they have maintained an average of 84.6 per cent of the tonnage capacity of planes in operation.[59] With reference to the expansion of traffic, the total air miles flown in 1953 was 282 per cent above the record for 1950. The ton-kilometers increased to 570 per cent and the number of passengers[60] increased to 191 per cent in 1953. Communist China claims that its civil-aviation goals for the first half of 1955 have been over-fulfilled. The number of passengers carried was 13 per cent above the goal set, and the freight was 5.9 per cent above that of the same period in 1954.[61]

X. TRANSPORTATION OF THE KEY-COMMODITIES AND THE TRADE ROUTES

A. Grain Transportation and Trade Routes

The Central-South Region is normally one of the grain-surplus regions in China. Among the six provinces, Hunan, Hupeh and Kiangsi contribute the greatest amount of grain. Since 1952, Kwangtung has changed from a grain-deficit area into a self-sufficient province. Central-South's volume of inter-regional trade in food grains in 1949 was about

59. People's China, Peking, No. 8, Apr. 16, 1954, p. 16.
60. Ibid., No. 28, April 16, 1954, p. 14.
61. NCNA, Peking, July 20, 1955.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

10,350,000 shih-tan (569,250 tons), of which 4,000,000 shih-tan (220,000 tons) were shipped to North China and 5,150,000 shih-tan (283,250 tons) to East China by rail and 1,200,000 shih-tan (66,000 tons) were shipped by water to East China ports along the Yangtze River. The distribution between rail and water traffic is calculated on the assumption that Kiangsi and Hunan grains are shipped principally on the Chekiang-Kiangsi or Hankow-Canton railways, whereas Hupeh shipments are by water, chiefly by way of Hankow.[62] 438 489

B. Cotton Transportation and Trade Routes

Honan, Hupeh, and Hunan are surplus-cotton provinces in Central-South China. The trade routes of this region, according to the sources of demand for cotton, are probably as follows: 438 489

62. Liberation Daily, Shanghai, May 23, 26, 27, 1950; June 18, 26, 1950; cf. New China Monthly, Vol. II, Nos. 1-3, May-July 1950, p. 607.

Province of Origin	Means of Transportation	Destination
Honan	Rail	Hopei, North China Kiangsu, East China Shantung, East China Hupeh, Central-South
Hupeh	Rail	Hupeh, Central-South
Hupeh	Inland Waterway	Kiangsu, East China Kiangsi, Central-South Szechwan, Southwest
Hunan	Inland Waterway	Hupeh, Central-South

Honan, the chief cotton-producing province in the Central-South Region, has the important consumption centers, Chengchow, Anyang; and Wei-hui, Chengchow, Shan-hsien, Anyang, and Ling-pao as the provincial trans-shipment centers. A part of the cotton produced in Shensi is shipped to Chengchow,

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Shen-ch'ou, and Anyang for trans-shipment to Shanghai, Wu-hsi, Shih-chia-chuang, Tientsin, and other East China cities, mostly on Lunghai and Peking-Hankow railways.[63] All the cotton produced in Hupeh is concentrated in Wuhan and Sha-shih for use in the local mills. Parts of the cotton produced in Honan, Shensi, and Hunan are shipped to Wuhan, Wu-hsüeh, Sha-shih, and I-chang for trans-shipment to Shanghai and Szechwan by Yangtze River ships.[64] In Hunan, most of the cotton is concentrated in Changsha and Yüeh-yang and a part is shipped to Hankow, Tsao-yang, and Lao-ho'k'ou in Hupeh Province.[65]

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C. Coal Transportation and Trade Routes

Generally speaking, Central-South China is a deficit region for the supply of coal; the exception is Honan Province, where a considerable quantity of coal is still available for export. The principal production centers of Honan are Chiao-tso, Liu-ho-kou, Kuan-yin-t'ang mines, and Wu-an mines. The coal is usually contrated in Tao-k'ou, Hsin-

63. Yü O Wan Kan Chu Sheng Chih Mien-ch'an Yün-hsiao [Cotton Transportation and Sales of Honan, Hupeh, Anhwei, and Kiangsi Provinces], Nanking University, Nanking, 1934-35.

64. Ching-chi Hui-pao [Economic Reports], Chungking, Central Bank of China, May 16, 1944, Vol. IX, No. 10, p. 46.

65. Chung-kuo Shih-yeh Chih, Hunan [Chinese Industries, Hunan], Chungking, Ministry of Industry, 1936, Section 4, pp. 87-96.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

hsiang, and Chengchow, and then trans-shipped by rail to Han-tan, Tientsin, Peking, Hankow, Hsi-an (Sian), and Shanghai.[66] Hupeh depends upon Honan, Hopei and Manchuria for coal supplies which are transported chiefly by railway lines.[67] The coal production in Hunan can supply a large part of the local demand, except for that of Changsha, which depends upon the shipments from P'ing-hsiang in Kiangsi Province.[68] Kiangsi is self-sufficient in production and can export a part of its surplus to Hunan, Hupeh, Anhwei, Kiangsu, and Chekiang.[69]

Little coal is produced in Kwangtung Province. The local output is negligible in relation to demand. Kwangsi, Kiangsi, Hupeh, Hopei, and Manchuria are the main sources of coal supply, generally transported by both coastal shipping and rail lines to Canton and Swatow for trans-shipment.[70]

66. Chung-kuo K'uang-yeh Chi-yao [General Statement on Chinese Mining Industry] , Nanking, Geological Survey of China, 1932-34, No. 5, pp. 70-78, 99-101.

67. Ibid.

68. Ibid., No. 5, pp. 542-43, No. 7, pp. 447-59; Chung-yang Yin-hang Yüeh-pao [Central Bank of China Monthly] , Shanghai, Central Bank of China, No. 8, June 1947, p. 43.

69. Ibid., No. 5, pp. 542-43.

70. Ibid., pp. 73, 87, 553; no. 7, pp. 78, 611-14; Bank of China Monthly, Shanghai, Chung-kuo Yin-hang [Bank of China] , Vol. V, No. 6, March 16,

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

Coal production in Kwangsi is sufficient for local consumption, but there is little surplus to be exported to Kwangtung by the inland water transportation route.[71] 438 489

XI. THE DOMESTIC TRADE OF CENTRAL-SOUTH CHINA

"State Socialism" is the guiding element of the Chinese Communist economy. This is especially true in industry and trade. Article 10 of the Constitution states: "The policy of the state towards capitalist industry and commerce is to use, restrict, and transform.... The state uses the positive qualities of the capitalist industry and commerce which are beneficial to the national welfare and the people's livelihood, restricts negative qualities ... encourages and guides the transformation of capitalist economy, and step by step replaces capitalist ownership with ownership by the whole people."[72] With Article 10 as a guiding principle, the final goal of the trading machinery of Communist China is a state-owned, co-operative, and state-capitalist economy. During the present stage of transition, there are five separate arrangements current in China's economy. These are the state-owned enterprise, the co-operative, the private corporation, the individual, and the state capitalist. 471

71. General Statement on Chinese Mining Industry, No. 5, p. 87; No. 7, pp. 77, pp. 572-75.

72. People's China, No. 13, July 1, 1954, Supplement, p. 6.

1; Stanford U. S-4, 5 1956 AF14 Central China AF14

Table 7. The Native Products Fairs of the Central-South China Area in 1952 *

Fair	Total Trading Volume (Millions)
Chungnan Native Products Fair Hankow, April	¥102,900 ($4.3)
Chungnan Commodity Fair Wuhan, July	¥2,323,200 ($96.8)
Hunan Native Products Fair Changsha, May	¥110,600 ($4.6)
Changsha Commodity Fair Changsha, October	¥180,000 (7.5)
West Hunan Native Products Fair Yüanling, June	¥21,400 ($0.9)
Honan Third Commodity Fair Chengchow, November	¥527,800 ($22.0)
Kiangsi Native Products Fair Nanchang, April	¥30,000 ($1.2)
Nanchang Commodity Fair Nanchang, July	¥117,000 ($4.4)
Kwangsi Commodity Fair Wanning, August	¥168,000 ($7.8)
Kweilin Commodity Fair Keilin, July	¥ 58,600 ($2.4)
South-China Commodity Fair Canton, November-December	¥1,600,000 ($66.7)
Central Kwantung Commodity Fair Chiangmen, October	¥168,000 ($6.9)
Hainan Commodity Fair Haik'ou, February	¥9,000 ($0.3)
	¥5,430,200 ($226.8)

* Economic Weekly, Shanghai, No. 21, May 28, 1953, p. 7.

(Table 7 faces p. 992.)

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trade will reach 55 per cent, state capitalism 24 per cent, and private trading will be reduced to 21 per cent or less.[86] 471

In order to facilitate the interflow of commodities between rural district and city, the Chinese Communists have held numerous "Native Products Fairs" in big cities since 1951. Nine fairs were held in the Central-South China area during 1951, and the total trade amounted to 2,247.8 billion yuan (US$76.77 million).[87] 443 438 543

During 1952 there were 13 fairs held in different localities throughout Central-South China, as shown in Table 7.

86. Ching-chi Tao-pao [Economic Bulletin], Hong Kong, Ching-chi tao-pao she, No. 26, July 11, 1955, p. 11.

87. Ching-chi Chou-pao [Economic Weekly], Shanghai, No. 21, May 28, 1953, p. 7.

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The total trade volume of these fairs during 1952 was reported to have been 5,430 billion yuan, which would represent, if accurate, an increase of 141.5 per cent over that of 1952. In terms of ownership of the trading concerns, the state sector contributed 61.21 per cent; co-operatives, 8.97 per cent; joint public and private operation, 1.17 per cent; and the private concerns, 28.65 per cent.[88]

To sum up, the commodity movement between South and North China is mainly by way of railways and partly by coastal shipping, but between Central-South and East China inland waterways and railways are the principal means of transportation. Transportation facilities betwen the Central-South and the Southwest of China are inadequate because projected railway lines have not been completed. Highway and air transportation as a whole play only a minor role in Central-South China's trade. The two nearly built railways to the border of Indo-China are for military rather than for economic use.

The purpose of building the Lai-pin--Mu-nan-kuan Railway was purely military. The Chinese Communists, in order to facilitate their southern expedition and expand their military strength in Southeast Asia, had to extend substantial aids to Ho Chih-minh, chairman of the Vietminh government in Indo-China. The completion of this railway in December 1951 had a direct bearing upon Ho's military success in 1954. Military supplies, including men, weapons, and approximately 500,000 tons[89] of grain were shipped during the three-year period, 1952-54, of the war in Indo-China.

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88. Ibid., p. 8.

89. Ta-lu Liang-Huang Ti P'ou-hsi [An Analysis of Grain Shortage in Mainland China], The Sixth Section, Central Committee, Nationalist Party, Taipei, June 14, 1954, p. 13.

1:Stanford U. S-4, 5 1956 AF14 Central China AF14

Province which were made into joint concerns reached 102 during 1954, including two cotton-textile mills totaling 35,000 spindles; amalgamation was carried out in most of these enterprises. 471

The number of private industries in Kiangsi, Honan, and Kwangsi provinces was much smaller than that in Kwangtung and Hunan provinces. The only large enterprises were two cotton-textile mills in Kiangsi totaling 30,000 spindles; these were transformed into joint enterprises. However, the Communists did not lose sight of the many small industries, such as the famous ceramic industry in Ching-te Chen, Kiangsi Province, and the tobacco leaf-curing industry in Hsü Hsien, Honan Province.

Industry in Kwangsi and on Hainan Island had been least developed, and most of it had been owned by the government. Therefore, the Communists found little transformation work to do.

In contrast to its backwardness in modern industry, Central-South China has been rich in native products, and it has been estimated that there are 140 different kinds, including the straw and bush mats and palm leaf fans produced in Kwangtung Province; glasscloth, hand-made paper, and chinaware of Kiangsi Province; wood oil, ramie, bamboo-ware, and silk embroidery of Hunan Province; and herbs, medicines, copperware, and lacquer of Hupeh Province. According to Communist statistics in 1951, 35 per cent of the gross income of agriculture in Central-South China was derived from the production of these commodities.[5] 438 441

5. Wang T'ing-chieh "I-nien-lai Chung-kuo Kuo-ying Mao-i Ti Chü-ta Ch'eng-chiu ["Great Achievements of China's State Enterprises during Past Year"] Ching-chi Tao-pao [Economic Bulletin] , Hong Kong, January 15, 1952.

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This means that a greater number of people were engaged in domestic trade. Consequently, elimination of the merchant class would seem to be more urgent to the Communists than transformation of private industry. 438 441

The Communists made great efforts to force the merchants to transfer their capital into joint state-private industry and to act as agents of the government-trading organizations. They thought this would solve the problem of unemployment and absorb commercial capital into industry. But in practice industry was willing to accept capital but not the personnel, while the merchants insisted on the inseparability of capital and personnel. Therefore, many preferred to sit by idly, spending their capital, and only those who had no capital became agents of the government-trading organizations. 441 471

The transformation of small industries, coupled with amalgamation and the elimination of private trade, affected the life of a large number of people and made the Communist regime in Central-South China an object of distrust. The Cantonese in particular are pugnacious and enterprising people who like wealth, and the Hunanese are noted for their obstinacy and dogged persistence. Many mass killings are reported to have resulted from the people's open defiance of government orders in Kwangtung and Hunan provinces.

The general strategy of using certain local leaders of the business community as a spearhead for government participation in private enterprise,